

AMENDED IN SENATE APRIL 25, 2013

**Senate Joint Resolution**

**No. 9**

**Introduced by Senators Huff, Anderson, Berryhill, Cannella,  
Emmerson, Fuller, Gaines, Knight, Nielsen, Walters, and Wyland**

March 21, 2013

Senate Joint Resolution No. 9—Relative to the Startup Act 3.0.

LEGISLATIVE COUNSEL'S DIGEST

SJR 9, as amended, Huff. Startup Act 3.0.

This measure would call on the United States Congress to pass and the President to sign the Startup Act 3.0, introduced as S. 310 in the 113th Congress of the United States, that would, among other things, create an Entrepreneur's Visa for legal immigrants, *provide authorization to adjust the status of not more than 50,000 aliens who have earned a master's degree or a doctorate degree, as specified, to that of aliens conditionally admitted for permanent residence, and eliminate per-country caps for employment-based immigrant visas, and create a limited research tax credit in order to ensure the United States has the chance to build an innovation-based economy visas.*

Fiscal committee: no.

- 1 WHEREAS, The United States is a nation of immigrants, with
- 2 a long history of welcoming indigents from other nations and
- 3 giving them a chance at achieving the American Dream; and
- 4 WHEREAS, Immigrants have formed the backbone of the
- 5 nation's economy; and
- 6 WHEREAS, Open economies grow faster than closed ones, and
- 7 as a beacon of hope, America has historically had an unbeatable

1 advantage over societies that shut immigrants out, or stifled their  
2 creative and innovative spirit; and

3 WHEREAS, The United States economy has been enriched by  
4 the innovative and entrepreneurial spirit of immigrants from around  
5 the world; and

6 WHEREAS, According to the Kauffman Foundation on  
7 Entrepreneurship, of the current Fortune 500 companies, including  
8 Apple, Google, and eBay, more than 40 percent were founded by  
9 first- or second-generation Americans, and these companies employ  
10 more than 10 million people; and

11 WHEREAS, Foreign nationals residing in the United States  
12 were named as inventors or coinventors in one-quarter of all patent  
13 applications filed in 2006; and

14 WHEREAS, Fifty-two percent of Silicon Valley startups  
15 between 1995 and 2005 were founded or cofounded by immigrants,  
16 generating \$52 billion in revenues and employing 450,000 workers;  
17 and

18 WHEREAS, In the past seven years, the national rate of startups  
19 by immigrants has dropped to 42 percent according to scholars at  
20 Harvard and Duke Universities; and

21 WHEREAS, The number of foreign nationals with advanced  
22 degrees awaiting permanent-resident status in the United States  
23 has grown to over one million in the past several years; and

24 WHEREAS, Under current law, only around 120,000 visas are  
25 available annually for skilled workers in key employment  
26 categories and only 7 percent of these visas can be allocated to  
27 immigrants from any one country. So immigrants from countries  
28 with large populations, like India and China, which are the source  
29 of the vast majority of startups in the United States, have access  
30 to only 8,400 visas per year; and

31 WHEREAS, The result of this policy is that many of these highly  
32 skilled immigrants must wait more than a decade for visas; and

33 WHEREAS, Many of these highly skilled innovators are  
34 deciding instead to return home, or immigrate to other countries  
35 that welcome them with open arms, such as Singapore, Canada,  
36 Dubai, Australia, the United Kingdom, and Chile. As a result, these  
37 innovators are founding companies in these other countries and  
38 competing with American companies for market share; and

1 WHEREAS, The issue of illegal immigration has taken on  
2 national prominence in recent years and the resolution of the  
3 broader issue should be the result of bipartisan efforts; and

4 WHEREAS, The resolution of the broader issue should not get  
5 in the way of resolving legal immigration issues as they relate to  
6 highly skilled workers who are critical to the continued success  
7 of the nation; and

8 WHEREAS, United States Senators Jerry Moran (R-Kansas),  
9 Mark Warner (D-Virginia), Chris Coons (D-Delaware), and Roy  
10 Blunt (R-Missouri) have introduced S. 310 in the 113th Congress  
11 of the United States, known as the Startup Act 3.0, to ensure that  
12 the United States has the chance to look forward and build the kind  
13 of innovation-based economy that will help future generations  
14 compete in the global marketplace; and

15 WHEREAS, The Startup Act 3.0 includes, among others, the  
16 following important provisions to stem the reverse brain drain:

17 (1) Creates an Entrepreneur's Visa for legal immigrants, so  
18 they can remain in the United States and launch businesses to  
19 create jobs.

20 (2) Provides authorization to adjust the status of not more than  
21 50,000 aliens who have earned a master's degree or a doctorate  
22 degree at an institution of higher education in a STEM field  
23 (science, technology, engineering, or mathematics) to that of aliens  
24 conditionally admitted for permanent residence to remain in this  
25 country where their talents and ideas can fuel growth and create  
26 jobs.

27 (3) Eliminates the per-country caps for employment-based  
28 immigrant visas, which hinder United States employers from  
29 recruiting top-tier talent; *talent; now, therefore, be it*

30 ~~(4) Makes permanent the exemption of capital gains taxes on~~  
31 ~~the sale of startup stock held for at least five years, so investors~~  
32 ~~can provide financial stability at a critical juncture of firm growth.~~

33 ~~(5) Creates a limited research tax credit for young startups less~~  
34 ~~than five years old and with less than \$5 million in annual receipts~~  
35 ~~to allow these small companies to offset employee taxes and free~~  
36 ~~up resources to create jobs; now, therefore, be it~~

37 *Resolved by the Senate and the Assembly of the State of*  
38 *California, jointly,* That the Legislature memorialize the United  
39 States Congress to pass and the President to sign the Startup Act  
40 3.0 into law; and be it further

1     *Resolved*, That the Secretary of the Senate transmit copies of  
2 this resolution to the President and Vice President of the United  
3 States, to the Speaker of the House of Representatives, to the  
4 Majority Leader of the Senate, and to each Senator and  
5 Representative from California in the Congress of the United  
6 States.

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